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AMENDED IN ASSEMBLY JULY 1, 2009

AMENDED IN SENATE JUNE 2, 2009

AMENDED IN SENATE APRIL 29, 2009

AMENDED IN SENATE APRIL 14, 2009

SENATE BILL

No. 32

Introduced by Senator Negrete McLeod

(Coauthor: Assembly Member Carter)

December 2, 2008

An act to amend Section 399.20 of, and to add Section 387.6 to, the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 32, as amended, Negrete McLeod. Renewable electric generation facilities.

Under existing law, the Public Utilities Commission is vested with regulatory authority over public utilities, including electrical corporations. The Public Utilities Act imposes various duties and responsibilities on the commission with respect to the purchase of electricity by electrical corporations and requires the commission to review and adopt a procurement plan and a renewable energy procurement plan for each electrical corporation pursuant to the California Renewables Portfolio Standard Program. The program requires that a retail seller of electricity, including electrical

corporations, purchase a specified minimum percentage of electricity generated by eligible renewable energy resources, as defined, in any given year as a specified percentage of total kilowatthours sold to retail end-use customers each calendar year (renewables portfolio standard). Under existing law, the governing board of a local publicly owned electric utility is responsible for implementing and enforcing a renewables portfolio standard for the utility that recognizes the intent of the Legislature to encourage renewable resources, while taking into consideration the effect of the standard on rates, reliability, and financial resources and the goal of environmental improvement.

Existing law requires every electrical corporation to file with the commission a standard tariff for electricity generated by an electric generation facility, as defined, that is owned and operated by a retail customer of the electrical corporation. Existing law requires that the electric generation facility: (1) have an effective capacity of not more than 1.5 megawatts and be located on property owned or under the control of the customer, (2) be interconnected and operate in parallel with the electric transmission and distribution grid, (3) be strategically located and interconnected to the electric transmission system in a manner that optimizes the deliverability of electricity generated at the facility to load centers, and (4) meet the definition of an eligible renewable energy resource under the renewables portfolio standard program. Existing law requires that the tariff provide for payment for every kilowatthour of electricity generated by an electric generation facility at a market price referent established by the commission pursuant to the renewables portfolio standard program. Existing law requires the electrical corporation to make this tariff available to customers that own and operate an electric generation facility within the service territory of the electrical corporation, upon request, on a first-come-first-served basis, until the combined statewide cumulative rated generating capacity of those electric generation facilities equals 500 megawatts, or the electrical corporation meets its proportionate share of the 500 megawatt limit based upon the ratio of its peak demand to total statewide peak demand of all electrical corporations. Existing law authorizes the commission to modify or adjust the above-described requirements for any electrical corporation with less than 100,000 service connections, as individual circumstances merit. Existing law provides that the electricity generated by an electric generation facility counts toward the electrical corporation's renewables portfolio standard and provides

that the physical generating capacity counts toward meeting the electrical corporation's resource adequacy requirements.

This bill would require an electrical corporation to file with the commission a standard tariff for the electricity purchased from an electric generation facility that is located within the service territory of, and developed to sell electricity to, the electrical corporation. The bill would revise the first requirement, discussed above, to instead require that the electric generation facility have an effective capacity of not more than 3 megawatts, subject to the authority of the commission to reduce this megawatt limitation, discussed below, and would delete the requirement that the facility be located on property owned or under the control of the customer. The bill would require that the tariff provide for payment for every kilowatthour of electricity purchased from an electric generation facility for a period of 10, 15, or 20 years, as authorized by the commission. The bill would require that the payment be the market price referent established by the commission pursuant to the renewables portfolio standard program and would require the price to include all current and anticipated environmental compliance costs. The bill would authorize the commission to adjust the payment to reflect the value of the electricity on a time-of-delivery basis and require, with respect to rates and charges, that ratepayers that do not receive service pursuant to the tariff are indifferent to whether other ratepayers receive service pursuant to the tariff. The bill would require an electrical corporation to provide expedited interconnection procedures to an electric generation facility located on a distribution circuit that offsets peak demand on that circuit, if the electrical corporation determines that the electric generation facility will not adversely affect the distribution grid. ~~The~~

The bill would require the electrical corporation to make the tariff available to the owner or operator of an electric generation facility within the service territory of the electrical corporation, upon request, on a first-come-first-served basis, until either the corporation meets its proportionate share of a statewide cap of 750 megawatts cumulative rated generation capacity served under the tariffs adopted pursuant to the requirements of the bill or the electrical corporation has reached or exceeds its above-market cost limitation, as specified. *The bill would make this requirement contingent on certain conditions relating to the enactment of SB 14, and would provide an alternate requirement if those conditions do not occur.* ~~The~~

The bill would provide that the electricity purchased from an electric generation facility counts toward meeting the electrical corporation's renewables portfolio standard and that the physical generating capacity of the electric generation facility counts toward meeting the electrical corporation's resource adequacy requirements. The bill would require the commission to establish performance standards for any electric generation facility that has a capacity greater than one megawatt to ensure that those facilities are constructed, operated, and maintained to generate the expected annual net production of electricity and do not impact system reliability, and would authorize the commission to reduce the 3 megawatt capacity limitation if the commission finds that a reduced capacity limitation is necessary to maintain system reliability within that electrical corporation's service territory. The bill would recast the existing authority of the commission to modify or adjust the above-described requirements for any electrical corporation with less than 100,000 service connections, as individual circumstances merit.

This bill would provide that an owner or operator of an electric generation facility that received ratepayer-funded incentives and participated in a net metering program prior to January 1, 2010, would be eligible for a tariff or standard contract filed by an electrical corporation pursuant to the above-described provisions, but would require the commission to require reimbursement of funds in some circumstances. An owner or operator that receives service pursuant to a tariff or standard contract adopted by an electrical corporation pursuant to the above-described provisions is not eligible to participate in any net metering program.

This bill would require a local publicly owned electric utility that sells electricity at retail to 75,000 or more customers to adopt and implement a tariff for electricity purchased from an electric generation facility meeting certain size, deliverability, and interconnection requirements and to consider certain factors. The bill would require the local publicly owned electric utility to make the tariff available to owners and operators of an electric generation facility within the service territory of the utility, upon request, on a first-come-first-served basis, until the utility meets its proportionate share of a statewide cap of 750 megawatts cumulative rated generation capacity served under the tariffs adopted pursuant to the requirements of this bill. The bill would provide that the electricity purchased from an electric generation facility counts towards meeting the local publicly owned electric utility's renewables portfolio standard annual procurement targets.

Under existing law, a violation of the Public Utilities Act or an order or direction of the commission is a crime. Because this bill would require an order or other action of the commission to implement its provisions, and a violation of that order or action would be a crime, the bill would impose a state-mandated local program by creating a new crime. By placing additional requirements upon local publicly owned electric utilities, which are entities of local government, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for specified reasons.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) While the first goal in meeting the state's energy needs
- 4 should be to reduce energy demand through cost-effective
- 5 improvements in energy efficiency, the state should also encourage
- 6 the location of clean generation close to load centers in order to
- 7 meet increases in the demand for electricity.
- 8 (b) Some tariff structures and regulatory structures are presenting
- 9 a barrier to meeting the requirements and goals of the California
- 10 Renewables Portfolio Standard Program (Section 387 of, and
- 11 Article 16 (commencing with Section 399.11) of Chapter 2.3 of
- 12 Part 1 of Division 1 of, the Public Utilities Code).
- 13 (c) Small projects of less than three megawatts that are otherwise
- 14 eligible renewable energy resources may face difficulties in
- 15 participating in competitive solicitations under the renewables
- 16 portfolio standard program.
- 17 (d) A tariff that allows owners or operators of electric generation
- 18 facilities that are eligible renewable energy resources to sell
- 19 electricity generated by those facilities to electrical corporations
- 20 and local publicly owned electric utilities would address these
- 21 barriers and could assist in the achievement of the renewables
- 22 portfolio standard and the state's goals for reducing emissions of

1 greenhouse gases pursuant to the California Global Warming
2 Solutions Act of 2006.

3 (e) A tariff for electricity generated by renewable technologies
4 should recognize the environmental attributes of the renewable
5 technology, the characteristics that contribute to peak electricity
6 demand reduction, reduced transmission congestion, avoided
7 transmission and distribution improvements, and in a manner that
8 accelerates the deployment of renewable energy resources.

9 (f) It is the policy of this state and the intent of the Legislature
10 to encourage the generation of electricity from eligible renewable
11 energy resources strategically located and interconnected to the
12 electrical transmission and distribution grid in a manner that
13 optimizes the deliverability of electricity generated at the facility
14 to load centers.

15 (g) Electric generation facilities that qualify for tariffs pursuant
16 to this act are sophisticated high-voltage electric generating
17 facilities that need to be properly constructed and maintained to
18 protect the health and safety of utility personnel, operator
19 personnel, and the public, and to ensure proper operation over the
20 life of the project.

21 (h) In implementing this act, the Public Utilities Commission,
22 electrical corporations, and local publicly owned electric utilities
23 should ensure that electric generation facilities are designed to
24 operate lawfully and safely and in accordance with all applicable
25 state and local laws and building standards, and utility
26 interconnection requirements.

27 SEC. 2. Section 387.6 is added to the Public Utilities Code, to
28 read:

29 387.6. (a) It is the policy of the state and the intent of the
30 Legislature to encourage electrical generation from eligible
31 renewable energy resources.

32 (b) As used in this section, “electric generation facility” means
33 an electric generation facility located within the service territory
34 of, and developed to sell electricity to, a local publicly owned
35 electric utility, and that meets all of the following criteria:

36 (1) Has an effective capacity of not more than three megawatts.

37 (2) Is interconnected and operates in parallel with the electrical
38 transmission and distribution grid.

1 (3) Is strategically located and interconnected to the electrical
2 transmission and distribution grid in a manner that optimizes the
3 deliverability of electricity generated at the facility to load centers.

4 (4) Is an eligible renewable energy resource pursuant to Article
5 16 (commencing with Section 399.11).

6 (c) A local publicly owned electric utility that sells electricity
7 at retail to 75,000 or more customers shall adopt a standard tariff
8 for electricity purchased from an electric generation facility.

9 (d) The governing board of the local publicly owned electric
10 utility shall ensure that the tariff adopted pursuant to subdivision
11 (c) reflects the value of every kilowatthour of electricity generated
12 on a time-of-delivery basis. The governing board may adjust this
13 value based on the other attributes of renewable generation. The
14 governing board shall ensure, with respect to rates and charges,
15 that ratepayers that do not receive service pursuant to the tariff are
16 indifferent to whether a ratepayer with an electric generation
17 facility receives service pursuant to the tariff.

18 (e) A local publicly owned electric utility that sells electricity
19 at retail to 75,000 or more customers shall make the tariff available
20 to the owner or operator of an electric generation facility within
21 the service territory of the utility, upon request, on a
22 first-come-first-served basis, until the utility meets its proportionate
23 share of a statewide cap of 750 megawatts cumulative rated
24 generation capacity served under this section and Section 399.20.
25 The proportionate share shall be calculated based on the ratio of
26 the utility's peak demand compared to the total statewide peak
27 demand.

28 (f) The local publicly owned electric utility may make the terms
29 of the tariff available to owners and operators of an electric
30 generation facility in the form of a standard contract.

31 (g) Every kilowatthour of electricity purchased from an electric
32 generation facility shall count toward meeting the local publicly
33 owned electric utility's renewables portfolio standard annual
34 procurement targets for purposes of Section 387.

35 (h) (1) A local publicly owned electric utility may establish
36 performance standards for any electric generation facility that has
37 a capacity greater than one megawatt to ensure that those facilities
38 are constructed, operated, and maintained to generate the expected
39 annual net production of electricity and do not impact system
40 reliability.

(2) A local publicly owned electric utility may reduce the three megawatt capacity limitation of paragraph (1) of subdivision (b) if the utility finds that a reduced capacity limitation is necessary.

(i) Within 10 days of receipt of a request for a tariff pursuant to this section from an owner or operator of an electric generation facility, the local publicly owned electric utility that receives the request shall post a copy of the request on its Internet Web site. The information posted on the Internet Web site shall include the name of the city in which the facility is located, but information that is proprietary and confidential, including, but not limited to, address information beyond the name of the city in which the facility is located, shall be redacted.

(j) A local publicly owned electric utility may deny a tariff request pursuant to this section if the local publicly owned electric utility makes any of the following findings:

(1) The electric generation facility does not meet the requirements of this section.

(2) The transmission or distribution grid that would serve as the point of interconnection is inadequate.

(3) The electric generation facility does not meet all applicable state and local laws and building standards, and utility interconnection requirements.

(4) The aggregate of all electric generating facilities on a distribution circuit would adversely impact utility operation and load restoration efforts of the distribution system.

(k) Upon receiving a notice of denial from a local publicly owned electric utility, the owner or operator of the electric generation facility denied a tariff pursuant to this section shall have the right to appeal that decision to the governing board of the local publicly owned electric utility.

(l) In order to ensure the safety and reliability of electric generation facilities, the owner of an electric generation facility receiving a tariff pursuant to this section shall provide an inspection and maintenance report to the local publicly owned electric utility at least once every other year. The inspection and maintenance report shall be prepared at the owner's or operator's expense by a California licensed contractor who is not the owner or operator of the electric generation facility. A California licensed electrician shall perform the inspection of the electrical portion of the generation facility.

1 (m) The contract between the electric generation facility
2 receiving the tariff and the local publicly owned electric utility
3 shall contain provisions that ensure that construction of the electric
4 generating facility complies with all applicable state and local laws
5 and building standards, and utility interconnection requirements.

6 (n) (1) All construction and installation of facilities of the local
7 publicly owned electric utility, including at the point of the output
8 meter or at the transmission or distribution grid, shall only be
9 performed by that local publicly owned electric utility.

10 (2) All interconnection facilities installed on the local publicly
11 owned electric utility's side of the transfer point for electricity
12 between the local publicly owned electric utility and the electrical
13 conductors of the electric generation facility shall be owned,
14 operated, and maintained only by the local publicly owned electric
15 utility. The ownership, installation, operation, reading, and testing
16 of revenue metering equipment for electric generating facilities
17 shall only be performed by the local publicly owned electric utility.

18 SEC. 3. Section 399.20 of the Public Utilities Code is amended
19 to read:

20 399.20. (a) It is the policy of this state and the intent of the
21 Legislature to encourage electrical generation from eligible
22 renewable energy resources.

23 (b) As used in this section, "electric generation facility" means
24 an electric generation facility located within the service territory
25 of, and developed to sell electricity to, an electrical corporation
26 that meets all of the following criteria:

27 (1) Has an effective capacity of not more than three megawatts.

28 (2) Is interconnected and operates in parallel with the electrical
29 transmission and distribution grid.

30 (3) Is strategically located and interconnected to the electrical
31 transmission and distribution grid in a manner that optimizes the
32 deliverability of electricity generated at the facility to load centers.

33 (4) Is an eligible renewable energy resource.

34 (c) Every electrical corporation shall file with the commission
35 a standard tariff for electricity purchased from an electric
36 generation facility. The commission may modify or adjust the
37 requirements of this section for any electrical corporation with less
38 than 100,000 service connections, as individual circumstances
39 merit.

(d) (1) The tariff shall provide for payment for every kilowatthour of electricity purchased from an electric generation facility for a period of 10, 15, or 20 years, as authorized by the commission. The payment shall be the market price determined by the commission pursuant to Section 399.15 and shall include all current and anticipated environmental compliance costs, including, but not limited to, mitigation of emissions of greenhouse gases and air pollution offsets associated with the operation of new generating facilities in the local air pollution control or air quality management district where the electric generation facility is located.

(2) The commission may adjust the payment rate to reflect the value of every kilowatthour of electricity generated on a time-of-delivery basis.

(3) The commission shall ensure, with respect to rates and charges, that ratepayers that do not receive service pursuant to the tariff are indifferent to whether a ratepayer with an electric generation facility receives service pursuant to the tariff.

(e) An electrical corporation shall provide expedited interconnection procedures to an electric generation facility located on a distribution circuit that generates electricity at a time and in a manner so as to offset the peak demand on the distribution circuit, if the electrical corporation determines that the electric generation facility will not adversely affect the distribution grid. The commission shall consider and may establish a value for an electric generation facility located on a distribution circuit that generates electricity at a time and in a manner so as to offset the peak demand on the distribution circuit.

(f) An electrical corporation shall make the tariff available to the owner or operator of an electric generation facility within the service territory of the electrical corporation, upon request, on a first-come-first-served basis, until either of the following conditions is met:

(1) The electrical corporation meets its proportionate share of a statewide cap of 750 megawatts cumulative rated generation capacity served under this section and Section 387.6. The proportionate share shall be calculated based on the ratio of the electrical corporation's peak demand compared to the total statewide peak demand.

1 (2) The electrical corporation has reached or exceeds its
2 above-market cost limitation established pursuant to subdivision
3 (d) of Section 399.15.

4 (g) The electrical corporation may make the terms of the tariff
5 available to owners and operators of an electric generation facility
6 in the form of a standard contract subject to commission approval.

7 (h) Every kilowatthour of electricity purchased from an electric
8 generation facility shall count toward meeting the electrical
9 corporation's renewables portfolio standard annual procurement
10 targets for purposes of paragraph (1) of subdivision (b) of Section
11 399.15.

12 (i) The physical generating capacity of an electric generation
13 facility shall count toward the electrical corporation's resource
14 adequacy requirement for purposes of Section 380.

15 (j) (1) The commission shall establish performance standards
16 for any electric generation facility that has a capacity greater than
17 one megawatt to ensure that those facilities are constructed,
18 operated, and maintained to generate the expected annual net
19 production of electricity and do not impact system reliability.

20 (2) The commission may reduce the three megawatt capacity
21 limitation of paragraph (1) of subdivision (b) if the commission
22 finds that a reduced capacity limitation is necessary to maintain
23 system reliability within that electrical corporation's service
24 territory.

25 (k) (1) Any owner or operator of an electric generation facility
26 that received ratepayer-funded incentives in accordance with
27 Section 379.6, or with Section 25782 of the Public Resources
28 Code, and participated in a net metering program pursuant to
29 Sections 2827, 2827.9, and 2827.10 prior to January 1, 2010, shall
30 be eligible for a tariff or standard contract filed by an electrical
31 corporation pursuant to this section.

32 (2) In establishing the tariffs or standard contracts pursuant to
33 this section, the commission shall consider ratepayer-funded
34 incentive payments previously received by the generation facility
35 pursuant to Section 379.6 or Section 25782 of the Public Resources
36 Code. The commission shall require reimbursement of any funds
37 received from these incentive programs to an electric generation
38 facility, in order for that facility to be eligible for a tariff or standard
39 contract filed by an electrical corporation pursuant to this section,
40 unless the commission determines ratepayers have received

1 sufficient value from the incentives provided to the facility based
2 on how long the project has been in operation and the amount of
3 renewable electricity previously generated by the facility.

4 (3) A customer that receives service under a tariff or contract
5 approved by the commission pursuant to this section is not eligible
6 to participate in any net metering program.

7 (l) An owner or operator of an electric generation facility
8 electing to receive service under a tariff or contract approved by
9 the commission shall continue to receive service under the tariff
10 or contract until either of the following occurs:

11 (1) The owner or operator of an electric generation facility no
12 longer meets the eligibility requirements for receiving service
13 pursuant to the tariff or contract.

14 (2) The period of service established by the commission pursuant
15 to subdivision (d) is completed.

16 (m) Within 10 days of receipt of a request for a tariff pursuant
17 to this section from an owner or operator of an electric generation
18 facility, the electrical corporation that receives the request shall
19 post a copy of the request on its Internet Web site. The information
20 posted on the Internet Web site shall include the name of the city
21 in which the facility is located, but information that is proprietary
22 and confidential, including, but not limited to, address information
23 beyond the name of the city in which the facility is located, shall
24 be redacted.

25 (n) An electrical corporation may deny a tariff request pursuant
26 to this section if the electrical corporation makes any of the
27 following findings:

28 (1) The electric generation facility does not meet the
29 requirements of this section.

30 (2) The transmission or distribution grid that would serve as the
31 point of interconnection is inadequate.

32 (3) The electric generation facility does not meet all applicable
33 state and local laws and building standards, and utility
34 interconnection requirements.

35 (4) The aggregate of all electric generating facilities on a
36 distribution circuit would adversely impact utility operation and
37 load restoration efforts of the distribution system.

38 (o) Upon receiving a notice of denial from an electrical
39 corporation, the owner or operator of the electric generation facility

1 denied a tariff pursuant to this section shall have the right to appeal
2 that decision to the commission.

3 (p) In order to ensure the safety and reliability of electric
4 generation facilities, the owner of an electric generation facility
5 receiving a tariff pursuant to this section shall provide an inspection
6 and maintenance report to the electrical corporation at least once
7 every other year. The inspection and maintenance report shall be
8 prepared at the owner's or operator's expense by a California
9 licensed contractor who is not the owner or operator of the electric
10 generation facility. A California licensed electrician shall perform
11 the inspection of the electrical portion of the generation facility.

12 (q) The contract between the electric generation facility
13 receiving the tariff and the electrical corporation shall contain
14 provisions that ensure that construction of the electric generating
15 facility complies with all applicable state and local laws and
16 building standards, and utility interconnection requirements.

17 (r) (1) All construction and installation of facilities of the
18 electrical corporation, including at the point of the output meter
19 or at the transmission or distribution grid, shall only be performed
20 by that electrical corporation.

21 (2) All interconnection facilities installed on the electrical
22 corporation's side of the transfer point for electricity between the
23 electrical corporation and the electrical conductors of the electric
24 generation facility shall be owned, operated, and maintained only
25 by the electrical corporation. The ownership, installation, operation,
26 reading, and testing of revenue metering equipment for electric
27 generating facilities shall only be performed by the electrical
28 corporation.

29 *SEC. 3.5. Section 399.20 of the Public Utilities Code is*
30 *amended to read:*

31 399.20. (a) It is the policy of this state and the intent of the
32 Legislature to encourage ~~energy production from electrical~~
33 *generation from eligible renewable energy resources.*

34 (b) As used in this section, "electric generation facility" means
35 an electric generation facility, ~~owned and operated by a retail~~
36 ~~customer of an electrical corporation, and located within the service~~
37 *territory of, and developed to sell electricity to, an electrical*
38 *corporation that meets all of the following criteria:*

1 (1) Has an effective capacity of not more than ~~one and one-half~~
2 ~~megawatts and is located on property owned or under the control~~
3 ~~of the customer~~ *three megawatts.*

4 (2) Is interconnected and operates in parallel with the ~~electric~~
5 *electrical* transmission and distribution grid.

6 (3) Is strategically located and interconnected to the ~~electric~~
7 ~~transmission system~~ *electrical transmission and distribution grid*
8 in a manner that optimizes the deliverability of electricity generated
9 at the facility to load centers.

10 (4) Is an eligible renewable energy resource, ~~as defined in~~
11 ~~Section 399.12.~~

12 (c) Every electrical corporation shall file with the commission
13 a standard tariff for electricity ~~generated by~~ *purchased from* an
14 electric generation facility. *The commission may modify or adjust*
15 *the requirements of this section for any electrical corporation with*
16 *less than 100,000 service connections, as individual circumstances*
17 *merit.*

18 (d) (1) The tariff shall provide for payment for every
19 kilowatthour of electricity ~~generated by~~ *purchased from* an electric
20 generation facility ~~at the market price as determined by the~~
21 ~~commission pursuant to Section 399.15~~ for a period of 10, 15, or
22 20 years, as authorized by the commission. *The payment shall be*
23 *the market price determined by the commission pursuant to Section*
24 *399.15 and shall include all current and anticipated environmental*
25 *compliance costs, including, but not limited to, mitigation of*
26 *emissions of greenhouse gases and air pollution offsets associated*
27 *with the operation of new generating facilities in the local air*
28 *pollution control or air quality management district where the*
29 *electric generation facility is located.*

30 (2) *The commission may adjust the payment rate to reflect the*
31 *value of every kilowatthour of electricity generated on a*
32 *time-of-delivery basis.*

33 (3) *The commission shall ensure, with respect to rates and*
34 *charges, that ratepayers that do not receive service pursuant to*
35 *the tariff are indifferent to whether a ratepayer with an electric*
36 *generation facility receives service pursuant to the tariff.*

37 (e) *An electrical corporation shall provide expedited*
38 *interconnection procedures to an electric generation facility*
39 *located on a distribution circuit that generates electricity at a time*
40 *and in a manner so as to offset the peak demand on the distribution*

1 *circuit, if the electrical corporation determines that the electric*
 2 *generation facility will not adversely affect the distribution grid.*
 3 *The commission shall consider and may establish a value for an*
 4 *electric generation facility located on a distribution circuit that*
 5 *generates electricity at a time and in a manner so as to offset the*
 6 *peak demand on the distribution circuit.*

7 ~~(e) Every~~

8 *(f) An electrical corporation shall make this the tariff available*
 9 *to customers that own and operate the owner or operator of an*
 10 *electric generation facility within the service territory of the*
 11 *electrical corporation, upon request, on a first-come-first-served*
 12 *basis, until the combined statewide cumulative rated generating*
 13 *capacity of those electric generation facilities equals 500*
 14 *megawatts. An electrical corporation may make the terms of the*
 15 *tariff available to customers in the form of a standard contract*
 16 *subject to commission approval. Each electrical corporation shall*
 17 *only be required to offer service or contracts under this section*
 18 *until that electrical corporation meets its proportionate share of*
 19 *the 500 megawatts based on the ratio of its peak demand to the*
 20 *total statewide peak demand of all electrical corporations electrical*
 21 *corporation meets its proportionate share of a statewide cap of*
 22 *750 megawatts cumulative rated generation capacity served under*
 23 *this section and Section 387.6. The proportionate share shall be*
 24 *calculated based on the ratio of the electrical corporation's peak*
 25 *demand compared to the total statewide peak demand.*

26 *(g) The electrical corporation may make the terms of the tariff*
 27 *available to owners and operators of an electric generation facility*
 28 *in the form of a standard contract subject to commission approval.*

29 ~~(f)~~

30 *(h) Every kilowatthour of electricity generated by the purchased*
 31 *from an electric generation facility shall count toward meeting the*
 32 *electrical corporation's renewables portfolio standard annual*
 33 *procurement targets for purposes of paragraph (1) of subdivision*
 34 *(b) of Section 399.15.*

35 ~~(g)~~

36 *(i) The physical generating capacity of an electric generation*
 37 *facility shall count toward the electrical corporation's resource*
 38 *adequacy requirement for purposes of Section 380.*

1 ~~(h) The commission may modify or adjust the requirements of~~
2 ~~this section for any electrical corporation with less than 100,000~~
3 ~~service connections, as individual circumstances merit.~~

4 (j) (1) *The commission shall establish performance standards*
5 *for any electric generation facility that has a capacity greater than*
6 *one megawatt to ensure that those facilities are constructed,*
7 *operated, and maintained to generate the expected annual net*
8 *production of electricity and do not impact system reliability.*

9 (2) *The commission may reduce the three megawatt capacity*
10 *limitation of paragraph (1) of subdivision (b) if the commission*
11 *finds that a reduced capacity limitation is necessary to maintain*
12 *system reliability within that electrical corporation's service*
13 *territory.*

14 (k) (1) *Any owner or operator of an electric generation facility*
15 *that received ratepayer-funded incentives in accordance with*
16 *Section 379.6, or with Section 25782 of the Public Resources Code,*
17 *and participated in a net metering program pursuant to Sections*
18 *2827, 2827.9, and 2827.10 prior to January 1, 2010, shall be*
19 *eligible for a tariff or standard contract filed by an electrical*
20 *corporation pursuant to this section.*

21 (2) *In establishing the tariffs or standard contracts pursuant to*
22 *this section, the commission shall consider ratepayer-funded*
23 *incentive payments previously received by the generation facility*
24 *pursuant to Section 379.6 or Section 25782 of the Public Resources*
25 *Code. The commission shall require reimbursement of any funds*
26 *received from these incentive programs to an electric generation*
27 *facility, in order for that facility to be eligible for a tariff or*
28 *standard contract filed by an electrical corporation pursuant to*
29 *this section, unless the commission determines ratepayers have*
30 *received sufficient value from the incentives provided to the facility*
31 *based on how long the project has been in operation and the*
32 *amount of renewable electricity previously generated by the*
33 *facility.*

34 (3) *A customer that receives service under a tariff or contract*
35 *approved by the commission pursuant to this section is not eligible*
36 *to participate in any net metering program.*

37 (l) *An owner or operator of an electric generation facility*
38 *electing to receive service under a tariff or contract approved by*
39 *the commission shall continue to receive service under the tariff*
40 *or contract until either of the following occurs:*

1 (1) *The owner or operator of an electric generation facility no*
2 *longer meets the eligibility requirements for receiving service*
3 *pursuant to the tariff or contract.*

4 (2) *The period of service established by the commission pursuant*
5 *to subdivision (d) is completed.*

6 (m) *Within 10 days of receipt of a request for a tariff pursuant*
7 *to this section from an owner or operator of an electric generation*
8 *facility, the electrical corporation that receives the request shall*
9 *post a copy of the request on its Internet Web site. The information*
10 *posted on the Internet Web site shall include the name of the city*
11 *in which the facility is located, but information that is proprietary*
12 *and confidential, including, but not limited to, address information*
13 *beyond the name of the city in which the facility is located, shall*
14 *be redacted.*

15 (n) *An electrical corporation may deny a tariff request pursuant*
16 *to this section if the electrical corporation makes any of the*
17 *following findings:*

18 (1) *The electric generation facility does not meet the*
19 *requirements of this section.*

20 (2) *The transmission or distribution grid that would serve as*
21 *the point of interconnection is inadequate.*

22 (3) *The electric generation facility does not meet all applicable*
23 *state and local laws and building standards, and utility*
24 *interconnection requirements.*

25 (4) *The aggregate of all electric generating facilities on a*
26 *distribution circuit would adversely impact utility operation and*
27 *load restoration efforts of the distribution system.*

28 (o) *Upon receiving a notice of denial from an electrical*
29 *corporation, the owner or operator of the electric generation*
30 *facility denied a tariff pursuant to this section shall have the right*
31 *to appeal that decision to the commission.*

32 (p) *In order to ensure the safety and reliability of electric*
33 *generation facilities, the owner of an electric generation facility*
34 *receiving a tariff pursuant to this section shall provide an*
35 *inspection and maintenance report to the electrical corporation*
36 *at least once every other year. The inspection and maintenance*
37 *report shall be prepared at the owner's or operator's expense by*
38 *a California licensed contractor who is not the owner or operator*
39 *of the electric generation facility. A California licensed electrician*

1 shall perform the inspection of the electrical portion of the
2 generation facility

3 (q) The contract between the electric generation facility
4 receiving the tariff and the electrical corporation shall contain
5 provisions that ensure that construction of the electric generating
6 facility complies with all applicable state and local laws and
7 building standards, and utility interconnection requirements.

8 (r) (1) All construction and installation of facilities of the
9 electrical corporation, including at the point of the output meter
10 or at the transmission or distribution grid, shall only be performed
11 by that electrical corporation.

12 (2) All interconnection facilities installed on the electrical
13 corporation's side of the transfer point for electricity between the
14 electrical corporation and the electrical conductors of the electric
15 generation facility shall be owned, operated, and maintained only
16 by the electrical corporation. The ownership, installation,
17 operation, reading, and testing of revenue metering equipment for
18 electric generating facilities shall only be performed by the
19 electrical corporation.

20 SEC. 4. Section 3 of this bill shall only become operative if SB
21 14 is enacted and becomes effective on or before January 1, 2010,
22 and either amends, or repeals and adds, Section 399.15 of the
23 Public Utilities Code, in which case Section 3.5 of this bill shall
24 not become operative. Section 3.5 of this bill shall become
25 operative if SB 14 is not enacted and become effective on or before
26 January 1, 2010, or if SB 14 is enacted and becomes effective on
27 or before January 1, 2010, but fails to amend, or repeal and add,
28 Section 399.15 of the Public Utilities Code.

29 ~~SEC. 4.~~

30 SEC. 5. No reimbursement is required by this act pursuant to
31 Section 6 of Article XIII B of the California Constitution because
32 certain costs that may be incurred by a local agency or school
33 district will be incurred because this act creates a new crime or
34 infraction, eliminates a crime or infraction, or changes the penalty
35 for a crime or infraction, within the meaning of Section 17556 of
36 the Government Code, or changes the definition of a crime within
37 the meaning of Section 6 of Article XIII B of the California
38 Constitution.

39 With respect to certain other costs, no reimbursement is required
40 by this act pursuant to Section 6 of Article XIII B of the California

1 Constitution because a local agency or school district has the
2 authority to levy service charges, fees, or assessments sufficient
3 to pay for the program or level of service mandated by this act,
4 within the meaning of Section 17556 of the Government Code.

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